

**SIOUX COUNTY, IOWA  
Independent Auditors' Report  
Financial Statements  
And  
Supplemental Information  
Schedule of Findings  
June 30, 2012**

# SIOUX COUNTY, IOWA

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# SIOUX COUNTY, IOWA

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## SIOUX COUNTY, IOWA

### County Officials

Name	Title	Term Expires
Mark Sybesma	Board of Supervisors	January, 2013
Al Bloemendaal	Board of Supervisors	January, 2013
Dennis Wright	Board of Supervisors	January, 2015
Arlyn Kleinwolterink	Board of Supervisors	January, 2015
John Degen	Board of Supervisors	January, 2013
Lois Huitink	County Auditor	January, 2013
Randall Jacobsma	County Treasurer	January, 2014
Anita Van Bruggen	County Recorder	January, 2014
Dan Altena	County Sheriff	January, 2013
Coleman McAllister	County Attorney	January, 2014
Ross Simmelink	County Assessor	January, 2014



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## INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
Sioux County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SIOUX COUNTY, IOWA (the County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Sioux County, Iowa, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2012 on our consideration of Sioux County, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress for the retiree health plan on pages 6 through 12 and 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 22, 2012

# SIoux COUNTY, IOWA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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SIoux COUNTY PROVIDES THIS MANAGEMENT'S DISCUSSION AND ANALYSIS OF ITS FINANCIAL STATEMENTS. THIS NARRATIVE OVERVIEW AND ANALYSIS OF THE FINANCIAL ACTIVITIES IS FOR THE FISCAL YEAR ENDED JUNE 30, 2012. WE ENCOURAGE READERS TO CONSIDER THIS INFORMATION IN CONJUNCTION WITH THE COUNTY'S FINANCIAL STATEMENTS, WHICH FOLLOW.

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### 2012 FINANCIAL HIGHLIGHTS

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- The assets of the County exceeded its liabilities at the close of FY12 by \$61,288,608 (net assets). Of this amount, \$4,297,142 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
  - Sioux County's total net assets increased by \$3,308,852 from FY11.
  - As of the close of FY12, Sioux County governmental funds reported combined ending fund balances of \$18,269,106, a decrease of \$1,511,317 in comparison with the prior year.
  - At the end of FY12, unassigned fund balance for the general fund was \$2,315,054, or 32% of total general fund expenditures.
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### USING THIS ANNUAL REPORT

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The annual report consists of a series of financial statements as well as other requirements as follows:

**Management's Discussion and Analysis** introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The **Government-wide Financial Statements** consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Sioux County as a whole and present an overall view of the County's finances.

The **Fund Financial Statements** tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Sioux County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Sioux County acts solely as an agent or custodian for the benefit of those outside of the government (Agency Funds).

**Notes to the Financial Statements** provide additional information essential to a full understanding of the data provided in the basic financial statements.

**Required Supplementary Information** further explains and supports the financial statements with a comparison of Sioux County's budget for the year, as well as presenting a schedule of funding progress for retiree health plan.

**Other Supplementary Information** provides detailed information about the nonmajor governmental and individual Agency Funds.

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## REPORTING THE COUNTY AS A WHOLE

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### Government-Wide Financial Statements

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

The **Statement of Net Assets** presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **Statement of Activities** presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long-term debt and capital projects. Property tax and state and federal grants finance most of these activities.

### Fund Financial Statements

The **fund financial statements** provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

The county has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the General Fund, 2) the Special Revenue funds such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) Capital Projects Funds. These funds are reported using



the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balance.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management services and the County Assessor to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

- 3) A proprietary fund accounts for the County's partial funding of health insurance deductibles, internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses, and changes in fund net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follows the fund financial statements.

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## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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As noted earlier, net assets may serve over time as a useful indicator of financial position. Sioux County's net assets for FY12 totaled \$61,288,608. This compares to FY11 at \$57,930,588. The analysis that follows focuses on the components of net assets for the governmental activities.

### Net Assets of Governmental Activities

	2012	2011
Current and other assets	\$ 29,418,974	\$ 29,593,727
Capital assets	54,448,850	50,255,362
Total Assets	83,867,824	79,849,089
Long-term liabilities outstanding	11,469,179	8,292,760
Other liabilities	11,110,037	13,625,741
Total liabilities	22,579,216	21,918,501
Net assets:		
Invested in capital assets, net of related debt	46,451,850	41,729,362
Restricted	10,539,616	11,618,906
Unrestricted	4,297,142	4,582,320
Total net assets	<b>\$ 61,288,608</b>	<b>\$ 57,930,588</b>

The County's net assets increased \$3,358,020 during the current year. The largest portion of the County's net assets is invested in capital assets (e.g. land, infrastructure, intangibles, buildings and equipment) less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation as to how they can be used.

**Unrestricted Net Assets** – The part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from \$4,582,320 at June 30, 2011 to \$4,297,142 at the end of this year, a decrease of 6%.

The decrease of \$285,178 in unrestricted net assets was attributable in part to the ending deficit accrual fund balances in the mental health special revenue fund and debt service fund.

**Restricted Net Assets** – The portion of net assets subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used – decreased from \$11,618,906 at June 30, 2011 to \$10,539,616 at the end of this year, a decrease of 9%.

The decrease of \$1,079,290 in restricted net assets was due primarily to the decrease in the restricted net assets for mental health services in the mental health special revenue fund. Mental health expenses exceeded revenues by over \$1.1 million which caused a deficit fund balance in the mental health fund as of June 30, 2012.

**Governmental Activities** – Governmental activities increased the County's net assets by \$3,358,020. Key elements of this increase are as follows:

<b>Changes in Net Assets of Governmental Activities</b>		
	<b>2012</b>	<b>2011</b>
Revenues:		
Program revenues:		
Charges for service and sales	\$ 2,116,096	\$ 1,956,376
Operating grants and contributions	5,839,328	6,623,835
Capital grants and contributions	3,141,915	3,699,617
General revenues:		
State Tax Credits	305,587	317,855
Local Option Sales Tax	1,298,544	1,353,730
Property tax	8,026,556	7,731,494
Interest and penalties on taxes	70,302	64,507
Unrestricted investment earnings	226,560	295,346
Gain on sale of assets	5,684	-
Miscellaneous	186,793	157,496
Total revenues	<b>21,217,365</b>	<b>22,200,256</b>
Program expenses:		
Public safety and legal services	3,861,055	3,807,856
Physical health and social services	569,757	1,408,850
Mental health	3,129,379	2,218,185
County environment and education	1,053,544	1,099,997
Roads and transportation	6,077,941	8,160,381
Government services to residents	885,400	858,079

Administration or general government	1,745,137	1,770,493
Non-Program Services	60,069	34,202
Interest on long-term debt	477,063	524,638
Total expenses	<b>17,859,345</b>	<b>19,882,681</b>
Increase (decrease) in net assets	3,358,020	2,317,575
Net assets July 1	57,979,756	55,662,181
Prior Period Adjustment	(49,168)	-
Net Assets July 1, restricted	57,930,588	-
Net assets June 30	<b>\$ 61,288,608</b>	<b>\$ 57,979,756</b>

- Operating grants and contributions decreased by \$784,507 or 11% in FY12 due to the removal of the activity for the Early Childhood Iowa Area Board from the general fund.
- Capital grants and contributions decreased by \$557,702 or 15% in FY12 due to a decrease in federal BROS funding in the secondary roads fund and a decrease in contributions for land acquisitions in the Conservation Land Acquisition capital project fund.
- The unrestricted investment earnings decreased as a result of the continued low interest rates.

For the most part, expenses closely paralleled inflation and the constant demand for services. Mental health expenses increased significantly due to the changes in state funding formulas causing the County to be responsible for a greater share of mental health services provided to individuals. Roads and transportation saw a greater decrease due to a large number of infrastructure and repair projects in the prior year and higher snow removal costs in the prior year. Physical health and social services decreased due to the removal of the activity for the Early Childhood Iowa Area Board from the general fund.

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#### INDIVIDUAL MAJOR FUND ANALYSIS

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As Sioux County completed the year, its governmental funds reported a combined fund balance of \$18,269,106.

The General Fund, as the operating fund of Sioux County, ended FY12 with a balance of \$2,701,308. The General Fund ending fund balance in FY11 was \$2,822,525. This represents a decrease of \$121,217. This decrease was due in part to the Courthouse Improvement project as the money was transferred out of this fund into the capital projects fund.

The MH/DD Fund ended FY12 with a balance of (\$109,090). The ending fund balance for FY11 was \$993,386. This represents a decrease of \$1,102,476. The MH/DD Fund is entirely determined by state mandated formulas. If state mandates continue to determine the amount of money that can be levied in this fund, cuts to types of services currently funded may be required. The decrease in fund balance is due to the lack of funding received from the State and Federal level.

The Rural Services Fund ended FY12 with a balance of \$3,733,023. The ending fund balance for FY11 was \$3,400,264. This represents an increase of \$449,966. This increase was due to excess revenues received over expenditures as budgeted.

The Secondary Road Fund ended FY12 with a balance of \$6,306,803. The ending fund balance for FY11 was \$6,671,815. This represents a decrease of \$365,012. The decrease in fund balance was due to normal cost increases.

The Debt Service Fund ended FY12 with a balance of \$3,643,719. The ending fund balance for FY11 was \$3,610,429. This represents an increase of \$33,290.

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## CAPITAL ASSETS AND DEBT ADMINISTRATION

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### Capital Assets

At the end of FY12, Sioux County had \$54,448,850 invested in capital assets, net of accumulated depreciation compared to \$50,255,362 at the end of FY11.

Capital Assets of Governmental Activities at Year End		
	2012	2011
Land	\$ 3,425,837	\$ 3,173,359
Buildings and improvements	10,181,476	10,054,119
Equipment	13,380,447	12,965,965
Infrastructure	59,949,487	57,471,628
Construction in Progress	4,822,818	1,331,884
Totals	<u>\$ 91,760,065</u>	<u>\$ 84,996,955</u>

The County had depreciation expense of \$3,094,287 for the year ended June 30, 2012 and total accumulated depreciation at June 30, 2012 of \$37,311,215. Additional information on the County's capital assets can be found in Note 5 of the financial statements.

### Debt

Sioux County is assigned an Aa2 rating from Moody's Rating Committee for its General Obligation Bonds.

At the end of FY12 Sioux County had bonded indebtedness of \$11,680,000. The bonded indebtedness at the end of FY11 was \$12,080,000. General obligation debt relates to the issuance of general obligation bonds for the Public Safety Center construction and the Urban Renewal Road Project which continues to decrease as scheduled principal payments are made. Additional information on the County's long term debt can be found in Note 6 of the financial statements.

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## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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Sioux County's elected and appointed officials and citizens considered many factors when setting the FY13 budget, tax rates, and fees that finance the various County services. Tax rates decreased slightly for FY13.

The General Fund ended FY12 with \$269,458 less than the FY11 ending balance. (The County budgets on a cash basis, therefore, amounts in this budget section are also presented on a cash basis.)

Many factors were taken into account when adopting the budget for FY13. Amounts appropriated in the General Fund are approximately \$9,909,458. Amounts appropriated in Special Revenue Funds are approximately \$14,437,435. Debt Service appropriations will be \$888,625.

If these estimates are realized, Sioux County's General Fund balance is expected to remain about the same as at FY12 year-end. The Rural Fund balance is expected to rise slightly from the previous year.

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## CONTACTING THE COUNTY'S FINANCIAL MANAGER

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This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Sioux County finances, and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

**Lois Huitink  
Sioux County Auditor  
210 Central Avenue SW  
Orange City, Iowa 51041  
(712) 737-2216**

### **SIOUX COUNTY BOARD OF SUPERVISORS:**

**Mark Sybesma   John Degen   Dennis Wright   Arlyn Kleinwolterink   Al Bloemendaal**

**SIOUX COUNTY, IOWA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Pooled Investments	\$ 13,572,901
Receivables:	
Property Tax	93,483
Future Property Tax	8,595,057
Accounts	27,059
Notes	383,693
Due from Other Governmental Agencies	647,075
Deferred Charges	146,980
Inventories	2,172,136
Prepaid Expenses	163,188
Restricted Assets:	
Cash and Cash Equivalents	2,250
Investments	3,615,152
Land	3,425,837
Construction in Progress	4,822,818
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	46,200,195
Total Assets	<u>83,867,824</u>
<b>LIABILITIES</b>	
Accounts Payable	869,386
Accrued Claims Payable	23,823
Due to Other Governmental Agencies	710,198
Deferred Revenue - Future Property Tax	8,595,057
Accrued Interest Payable	37,714
Salaries and Benefits Payable	93,792
Long Term Liabilities	
Due within one year:	
Notes Payable	4,000
General Obligation Bonds	575,000
Compensated Absences	201,067
Due in more than one year:	
Notes Payable	8,000
General Obligation Bonds	11,105,000
Compensated Absences	134,045
Net OPEB Liability	222,134
Total Liabilities	<u>22,579,216</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	46,451,850
Restricted for:	
Supplemental Levy Purposes	353,274
Rural Services Purposes	3,710,937
Secondary Roads Purposes	6,178,267
Other Purposes	297,138
Unrestricted	4,297,142
Total Net Assets	<u>\$ 61,288,608</u>

See Accompanying Notes to Financial Statements

**SIOUX COUNTY, IOWA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2012**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>
		<b>Charges for Services</b>
<b>Primary Government:</b>		
Governmental Activities:		
Public safety and legal services	\$ 3,861,055	\$ 1,006,305
Physical health and social services	569,757	21,867
Mental health	3,129,379	25,535
County environment and education	1,053,544	87,178
Roads and transportation	6,077,941	171,308
Government services to residents	885,400	695,296
Administration	1,745,137	18,172
Non-program services	60,069	90,435
Interest on long-term debt	477,063	-
Total governmental activities	<u>\$ 17,859,345</u>	<u>\$ 2,116,096</u>

See Accompanying Notes to Financial Statements

Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
\$ 109,802	\$ -	\$ (2,744,948)
232,273	-	(315,617)
985,409	-	(2,118,435)
32,550	87,951	(845,865)
4,479,294	3,053,964	1,626,625
-	-	(190,104)
-	-	(1,726,965)
-	-	30,366
-	-	(477,063)
<u>\$ 5,839,328</u>	<u>\$ 3,141,915</u>	<u>(6,762,006)</u>

General Revenues:

Property taxes levied for:	
General purposes	7,493,517
Debt service	533,039
Interest and penalties on taxes	70,302
State tax credits	305,587
Local option sales tax	1,298,544
Unrestricted investment earnings	226,560
Gain on Sale of Assets	5,684
Miscellaneous	186,793
Total general revenues	<u>10,120,026</u>
Change in net assets	3,358,020
Net assets - beginning	57,979,756
Prior Period Adjustment	(49,168)
Net assets - beginning, restated	<u>57,930,588</u>
Net assets - ending	<u>\$ 61,288,608</u>

See Accompanying Notes to Financial Statements



**SIOUX COUNTY, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**JUNE 30, 2012**

	<b>General</b>	<b>Mental Health</b>	<b>Rural Services</b>
<b>Assets</b>			
Cash and Pooled Investments	\$ 2,642,878	\$ 665,043	\$ 3,529,029
Receivables:			
Property Tax	40,623	924	786
Future Property Tax	4,931,227	1,027,388	1,686,409
Accounts	2,012	-	-
Notes	-	-	-
Due from Other Governmental Agencies	120,333	10,075	209,190
Inventories	-	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Investments	-	-	-
Prepaid Expenses	100,231	-	-
Total Assets	<u>7,837,304</u>	<u>1,703,430</u>	<u>5,425,414</u>
<b>Liabilities and Equity</b>			
Liabilities:			
Accounts Payable	120,457	77,505	537
Due to Other Governmental Agencies	3,522	706,326	75
Deferred Revenue - Future Property Tax	4,931,227	1,027,388	1,686,409
Deferred Revenue	30,784	785	446
Salaries and Benefits Payable	50,006	516	4,924
Total Liabilities	<u>5,135,996</u>	<u>1,812,520</u>	<u>1,692,391</u>
Fund Balances:			
Nonspendable for:			
Inventories	-	-	-
Prepaid Expenses	100,231	-	-
Restricted for:			
Supplemental Levy Purposes	286,023	-	-
Rural Services Purposes	-	-	3,733,023
Secondary Road Purposes	-	-	-
Debt Service	-	-	-
Other Purposes	-	-	-
Committed for:			
Revolving Loan Purposes	-	-	-
Assigned for:			
Conservation Land Acquisition	-	-	-
Unassigned	2,315,054	(109,090)	-
Total Fund Balances	<u>2,701,308</u>	<u>(109,090)</u>	<u>3,733,023</u>
Total Liabilities and Equity	<u>\$ 7,837,304</u>	<u>\$ 1,703,430</u>	<u>\$ 5,425,414</u>

See Accompanying Notes to Financial Statements

Secondary Roads	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 4,301,389	\$ 27,621	\$ 1,704,971	\$ 12,870,931
-	1,372	49,778	93,483
-	541,695	408,338	8,595,057
25,003	44	-	27,059
-	-	383,693	383,693
307,477	-	-	647,075
2,172,136	-	-	2,172,136
-	2,250	-	2,250
-	3,615,152	-	3,615,152
62,957	-	-	163,188
6,868,962	4,188,134	2,546,780	28,570,024
523,538	2,250	145,099	869,386
275	-	-	710,198
-	541,695	408,338	8,595,057
-	470	-	32,485
38,346	-	-	93,792
562,159	544,415	553,437	10,300,918
2,172,136	-	-	2,172,136
62,957	-	-	163,188
-	-	-	286,023
-	-	-	3,733,023
4,071,710	-	-	4,071,710
-	3,643,719	-	3,643,719
-	-	297,138	297,138
-	-	1,695,572	1,695,572
-	-	11,177	11,177
-	-	(10,544)	2,195,420
6,306,803	3,643,719	1,993,343	18,269,106
\$ 6,868,962	\$ 4,188,134	\$ 2,546,780	\$ 28,570,024

See Accompanying Notes to Financial Statements

**SIOUX COUNTY, IOWA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

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*Amounts reported for governmental activities in the statement of net assets are different because:*

Total Fund Balance - Governmental Funds (page 17)	\$ 18,269,106
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Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.	54,448,850
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The internal service fund used by management to charge the costs of self-insured health is included in the statement of net assets.	456,013
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Deferred revenues from the balance sheet that provide current financial resources for governmental activities.	32,485
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Accrued expenses from the balance sheet that require current financial resources for governmental activities.	(37,714)
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Deferred charges related to bonds issued are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.	146,980
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds	\$(11,680,000)	
Compensated Absences	(335,112)	
Notes Payable	(12,000)	(12,027,112)

Total Net Assets - Governmental Activities (page 13)	<u>\$ 61,288,608</u>
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**SIOUX COUNTY, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	General	Mental Health	Rural Services
Revenue:			
Property and other county taxes	\$ 4,476,844	\$ 980,130	\$ 2,962,406
Interest and penalties on taxes	70,302	-	-
Intergovernmental	1,544,442	1,023,358	87,188
Licenses and permits	-	-	-
Charges for services	733,260	25,535	17,833
Use of money and property	103,777	-	42
Miscellaneous	221,324	-	-
Total Revenue	7,149,949	2,029,023	3,067,469
Expenditures:			
Current operating:			
Public safety and legal services	3,094,783	-	731,958
Physical health and social services	564,555	-	-
Mental health	-	3,131,499	-
County environment and education	852,763	-	318,768
Roads and transportation	55,000	-	-
Government services to residents	797,103	-	2,070
Administration	1,751,976	-	-
Non-program services	55,818	-	-
Capital projects	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	7,171,998	3,131,499	1,052,796
Excess (deficiency) of revenues over expenditures	(22,049)	(1,102,476)	2,014,673
Other financing sources (uses):			
Sale of Capital Assets	-	-	-
Transfers in	-	-	-
Transfers (out)	(50,000)	-	(1,681,914)
Issuance of Bonds	-	-	-
Bonds Refunded	-	-	-
Total other financing sources (uses)	(50,000)	-	(1,681,914)
Net Change in Fund Balances	(72,049)	(1,102,476)	332,759
Fund balances - beginning of year	2,822,525	993,386	3,400,264
Prior Period Adjustment	(49,168)	-	-
Fund balances-beginning of year as restated	2,773,357	993,386	3,400,264
Increase in Reserve for Inventory	-	-	-
Fund balances - end of year	\$ 2,701,308	\$ (109,090)	\$ 3,733,023

See Accompanying Notes to Financial Statements

Secondary Roads	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 533,268	\$ 386,756	\$ 9,339,404
-	-	-	70,302
4,493,696	18,410	21,253	7,188,347
15,460	-	-	15,460
2,973	-	77,111	856,712
29,661	138,600	15,190	287,270
184,705	44	20,643	426,716
4,726,495	690,322	520,953	18,184,211
-	-	12,004	3,838,745
-	-	-	564,555
-	-	-	3,131,499
-	-	30,563	1,202,094
5,804,605	-	-	5,859,605
-	-	11,122	810,295
-	-	-	1,751,976
-	-	-	55,818
1,419,429	-	430,925	1,850,354
-	525,000	-	525,000
-	582,032	-	582,032
7,224,034	1,107,032	484,614	20,171,973
(2,497,539)	(416,710)	36,339	(1,987,762)
10,795	-	-	10,795
1,731,914	325,000	50,000	2,106,914
-	-	(375,000)	(2,106,914)
-	3,695,000	-	3,695,000
-	(3,570,000)	-	(3,570,000)
1,742,709	450,000	(325,000)	135,795
(754,830)	33,290	(288,661)	(1,851,967)
6,671,815	3,610,429	2,282,004	19,780,423
-	-	-	(49,168)
6,671,815	3,610,429	2,282,004	19,731,255
389,818	-	-	389,818
\$ 6,306,803	\$ 3,643,719	\$ 1,993,343	\$ 18,269,106

See Accompanying Notes to Financial Statements

**SIOUX COUNTY, IOWA****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES****For the Year Ended June 30, 2012**

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*Amounts reported for governmental activities in the statement of activities are different because:*

Net change in fund balances - total governmental funds (page 20) \$(1,851,967)

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 7,297,786	
Depreciation expense	<u>(3,094,287)</u>	4,203,499

In the Statement of Activities, the gain on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources. (10,011)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, they are as follows:

Property tax	(14,304)
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The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities: 74,348

Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net assets. The net revenue of the internal service fund is reported with governmental activities. 147,697

Accrued interest expense that does not require current financial resources. 30,621

Proceeds from issuance of long-term debt. (3,695,000)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment on long-term debt. The principal paid on long-term debt during the current year was:

Repayments of long-term debt	4,095,000	
Repayments of notes payable	<u>4,000</u>	4,099,000

Compensated Absences that do not require current financial resources. (15,681)

Inventories in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net asset is exhausted. 389,818

Change in net assets of governmental activities (page 15) \$ 3,358,020

**SIOUX COUNTY, IOWA**  
**STATEMENT OF NET ASSETS**  
**Governmental Activities - Internal Service Fund**  
**JUNE 30, 2012**

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**ASSETS**

**Current Assets**

Cash and Pooled Investments

\$ 701,970

**Total Assets**

701,970

**LIABILITIES**

**Current Liabilities**

Accrued Claims Payable

23,823

**Total Current Liabilities**

23,823

**Noncurrent Liabilities**

Net OPEB Liability

222,134

**Total Noncurrent Liabilities**

222,134

**Total Liabilities**

245,957

**NET ASSETS**

Unrestricted

\$ 456,013

**SIOUX COUNTY, IOWA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**Governmental Activities - Internal Service Fund**  
**For the Year Ended June 30, 2012**

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<b>Operating revenues:</b>	
Reimbursements from operating funds	\$ 334,041
<b>Total operating revenue</b>	<u>334,041</u>
<b>Operating expenses:</b>	
Claims paid	123,250
Administrative fees	9,040
Other post employment benefits	54,146
<b>Total operating expenses</b>	<u>186,436</u>
<b>Operating Income</b>	147,605
<b>Nonoperating income:</b>	
Interest on investments	<u>92</u>
<b>Change in Net Assets</b>	147,697
<b>Net assets - beginning</b>	<u>308,316</u>
<b>Net assets - ending</b>	<u><u>\$ 456,013</u></u>



**SIOUX COUNTY, IOWA**  
**STATEMENT OF CASH FLOWS**  
**Governmental Activities - Internal Service Fund**  
**For the Year Ended June 30, 2012**

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**Cash flows from operating activities:**

Cash received from employer/employee contributions	\$ 334,041
Cash payments for insurance premiums and services	(130,931)
<b>Net cash provided by operating activities</b>	<u>203,110</u>

**Cash flows from investing activities:**

Interest on investments	<u>92</u>
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<b>Net increase in cash and cash equivalents</b>	203,202
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Cash and pooled investments - beginning of year	<u>498,768</u>
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Cash and pooled investments - end of year	<u><u>701,970</u></u>
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**Reconciliation of operating income to net cash used in operating activities:**

Operating Income	147,605
Change in assets and liabilities:	
Increase in Accrued Claims Payable	1,359
Increase in OPEB Liability	<u>54,146</u>

<b>Net cash provided by operating activities</b>	<u><u>\$ 203,110</u></u>
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**SIOUX COUNTY, IOWA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**Agency Funds**  
**JUNE 30, 2012**

---

**ASSETS**

Cash and Pooled Investments	\$	2,077,520
Receivables:		
Property Tax		41,376
Future Property Tax		36,537,782
Accounts		44,664
Assessments		87,189
Due from Other Governments		34,333
Total Assets		<u>38,822,864</u>

**LIABILITIES**

Accounts Payable		34,552
Due to Other Governments		38,750,317
Salaries and Benefits Payable		6,514
Compensated Absences		31,481
Total Liabilities	\$	<u>38,822,864</u>

**SIoux COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2012**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Sioux County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

The more significant accounting policies established under GAAP and used by the County are discussed below.

- A. Reporting Entity – For financial reporting purposes, Sioux County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Sioux County Assessor's Conference Board, Sioux County Emergency Management Commission, Sioux County Public Safety Commission, the Sioux County Civil Service Commission, and Sioux County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County. The County Board of Supervisors also are members of the Sioux County Revolving Loan Fund. This fund is reported as a special revenue fund in these financial statements. Sioux County is also a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency.

- B. Basic Financial Statements – Government-Wide Statements – The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements contain only governmental activities. Governmental activities are supported by property tax, intergovernmental revenues, and other nonexchange transactions. The County's Public Safety and Legal Services, Physical Health and Social Services, County Environment and Education, and Government Services to Residents are classified as governmental activities. The County's Internal Service Fund is classified as a primarily governmental type activity.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2012**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County. In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations with the difference reported as net assets. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first uses restricted resources to finance qualifying activities. Net assets are reported in the following categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation / amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (administration, law enforcement, courts, roads, etc.). The functions are also supported by general government revenues (property taxes, fines, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The County does not allocate indirect costs. Certain expenses of the County are accounted for through the internal service fund on a cost-reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

- C. Basis of Presentation – Fund Accounting – The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Governmental Fund Types – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The County reports the following major governmental funds.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2012**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

- 1) General Fund - The general fund is the general operating fund of the County. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

2) Special Revenue Funds

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

3) Debt Service Fund

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles used are those applicable to similar businesses in the private sector. The County reports the following proprietary fund:

Internal Service Fund – Accounts for the County's partial self-funded insurance plan for health insurance. The County's internal service fund is presented as a proprietary fund financial statement. The users of the internal services are the County's governmental activities therefore the statement of net assets is consolidated into the government-wide statement of net assets. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support County programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide statements.

The agency funds of the County account for the property taxes levied by political subdivisions within the County, collections of those amounts by the county, and the remittance of the collected amounts to the subdivisions.

- D. Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2012**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A 60-day availability period is used for revenue recognition for all other governmental fund revenues with the exception of expenditure-driven grants. A one-year availability period is used for expenditure-driven grants.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County’s policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid either using restricted or unrestricted resources, it is the County’s policy to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned, and then unassigned fund balances.

The proprietary fund of the County applies all applicable GASB pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principals Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the County’s internal service fund is charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

- E. Budgets – The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the debt service function.
- F. Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. The County has defined cash and cash equivalents to include cash on hand and demand deposits. In addition, each fund’s equity in the County’s investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. The County uses the following method in determining the reported amounts:

Type	Method
U.S. Treasury Notes	Based upon quoted market prices
Iowa Public Agency Investment Trust	Fair value determined by current share prices

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2012**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

- G. Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied. For agency funds, as no revenues are recorded, the amounts are reflected as being due to other governments.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2011.

- H. Assessments Receivable – Assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten or more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represents assessments, which are due and payable in the next year but have not been collected and are recorded in a fiduciary fund of the County.
- I. Due to/from Other Funds – During the course of operations numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.
- J. Due to/from Other Governments – Due to/from other governments represents state tax credits due from the State of Iowa, various shared revenues, grants, and reimbursements receivable and taxes and other revenues collected by the County which will be remitted to other governments.
- K. Inventories – Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Reported inventories in the fund financial statements are equally offset by a nonspendable fund balance which indicates that they are not available to liquidate current obligations.
- L. Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of \$5,000 for buildings and structures and machinery and equipment and in excess of \$25,000 for infrastructure.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2012**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Buildings and Structures	10 – 50 Years
Infrastructure	10 – 65 Years
Machinery and Equipment	3 – 20 Years

- M. Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.
- N. Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Premiums and discounts on new debt issued are reported as an other financing source or use.

- O. Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

- P. Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through an ordinance approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.



**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2012**

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**NOTE 2 - DEPOSITS AND POOLED INVESTMENTS**

The County's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trust; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2012 the County had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

<u>Type</u>	<u>Credit Risk</u>	<u>Fair Value</u>	<u>Maturity</u>
U.S. Treasury Notes	Not Applicable	\$ 3,615,152	Various
IPAIT	AAA	\$ 3,158,225	N/A

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at fair value. IPAIT was created pursuant to Iowa Code Chapter 28E and is registered with the Securities and Exchange Commission (SEC) in accordance with 17 C.F.R. Section 270.2a-7.

*Custodial Credit Risk:* The County has no policy regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

*Interest Rate Risk:* The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the County.

*Concentration of Credit Risk:* The County's investment policy places limits on the amount that may be invested in any one issuer. At the time of purchase, no more than five (5) percent of the investment portfolio of Sioux County shall be invested in the securities of a single issuer. The County's investment in the U.S. Treasuries is not subject to concentration of credit risk as the U.S. Treasuries represent U.S. government issued debt.

Cash and Pooled Investments

The County pools the resources of each individual fund's available cash in order to obtain higher rates of return than could be if the funds were invested individually.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2012**

**NOTE 2 - DEPOSITS AND POOLED INVESTMENTS – (CONTINUED)**

The cash and pooled investments at June 30, 2012 consisted of the following:

Reconciliation to the Financial Statements:

	<u>Carrying Amount</u>
Investments	\$ 6,773,377
Demand Deposits	12,493,446
Cash on Hand	1,000
	<u>19,267,823</u>
Unrestricted:	
Cash and Pooled Investments - Governmental Activities	13,572,901
Cash and Pooled Investments - Agency Funds	2,077,520
Restricted:	
Cash-Governmental Activities	2,250
Investments-Governmental Activities	3,615,152
	<u>\$ 19,267,823</u>

**NOTE 3 - NOTES RECEIVABLE**

Sioux County Revolving Loan Fund - During the year ended June 30, 1989 the Sioux County Revolving Loan Fund was incorporated. The purpose of the corporation is to promote economic development in Sioux County. During the year ended June 30, 2012, the County made no contributions to the Sioux County Revolving Loan Fund. The County records the loan activity of this corporation in a Special Revenue Fund.

The proceeds from the businesses remain in the Sioux County Revolving Loan Fund for future loans to other businesses. Loan repayments totaled \$49,418 during the year ended June 30, 2012. The loans are secured by real estate mortgages and personal guarantees of the business owners.

**Loans by the Sioux County Revolving Loan Fund are as follows:**

Loaned to	Date of Loan	Original Loan Amount	Interest Rate	Term Of Loan	Monthly Payment	Loan Balance June 30, 2012
Quality Machine Products, Inc.	March 31, 2005	\$ 5,833	6.3%	5 yrs.	\$ 114	\$ 1,739
	June 26, 2009	52,500	4.95%	5 yrs.	944	29,442
	October 6, 2006	65,000	3.0%	4.5 yrs.	1,344	48,439
Harbor Group	November 16, 2006	100,000	5.75%	5 yrs.	1,646	6,504
Exemplar Genetics LLC	November 25, 2009	150,000	3.0%	10 yrs.	1,446	114,057
	January 13, 2012	82,500	3.0%	7 yrs.	1,092	78,181
Siouxland Fabricating	September 23, 2011	37,500	3.0%	5 yrs.	673	31,575
M-K Distributing	February 1, 2012	73,539	5.775%	6 yrs.	1,300	73,756
		<u>\$ 566,872</u>				<u>\$ 383,693</u>

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2012**

**NOTE 4 - INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

	Secondary Roads	Debt Service	Non-Major Governmental	Total Transfer Out
General Basic	\$ -	\$ -	\$ 50,000	\$ 50,000
Rural Services	1,681,914	-	-	1,681,914
Nonmajor Governmental	50,000	325,000	-	375,000
Total Transfers In	<u>\$ 1,731,914</u>	<u>\$ 325,000</u>	<u>\$ 50,000</u>	<u>\$ 2,106,914</u>

Transfers were used to:

1. Move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**NOTE 5 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,173,359	\$ 252,478	\$ -	\$ 3,425,837
Construction in Progress	1,331,884	4,568,475	1,077,541	4,822,818
Total capital assets not being depreciated	<u>4,505,243</u>	<u>4,820,953</u>	<u>1,077,541</u>	<u>8,248,655</u>
Capital assets being depreciated:				
Buildings	10,054,119	127,357	-	10,181,476
Equipment	12,965,965	757,697	343,215	13,380,447
Infrastructure	57,471,628	2,699,859	222,000	59,949,487
Total capital assets being depreciated	<u>80,491,712</u>	<u>3,584,913</u>	<u>565,215</u>	<u>83,511,410</u>
Less: Accumulated Depreciation for:				
Buildings	4,472,477	170,107	-	4,642,584
Equipment	8,147,996	717,278	307,565	8,557,709
Infrastructure	22,121,120	2,206,902	217,100	24,110,922
Total Accumulated Depreciation	<u>34,741,593</u>	<u>3,094,287</u>	<u>524,665</u>	<u>37,311,215</u>
Total capital assets being depreciated, net	<u>45,750,119</u>	<u>490,626</u>	<u>40,550</u>	<u>46,200,195</u>
Governmental activities capital assets, net	<u>\$50,255,362</u>	<u>\$ 5,311,579</u>	<u>\$ 1,118,091</u>	<u>\$54,448,850</u>

Construction in progress at June 30, 2012 consisted of costs associated with several road construction projects, the Courthouse geo-thermal project, and various small conservation projects.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2012**

**NOTE 5 - CAPITAL ASSETS - (CONTINUED)**

Depreciation expense was charged to the functions as follows:

Public Safety and Legal Services	\$ 231,296
Physical Health and Social Services	5,811
County Environment and Education	42,744
Roads and Transportation	2,677,579
Government Services to Residents	100,964
Administration	31,642
Non-Program	4,251
	<u>\$ 3,094,287</u>

**Reconciliation of Invested in Capital Assets:**

	Governmental Activities
Land	\$ 3,425,837
Construction in Progress	4,822,818
Capital Assets (net of accumulated depreciation)	46,200,195
Less: General Obligation Bonds Payable	(11,680,000)
Notes Payable	(12,000)
Add: Unspent GO Bond Proceeds	3,695,000
Invested in Capital Assets, Net of Related Debt	<u>\$ 46,451,850</u>

**NOTE 6 - LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	General Obligation Bonds	Compensated Absences	Notes Payable	Other Post- Employment Benefits	Total
Balance Beginning of Year	\$ 12,080,000	\$ 319,431	\$ 16,000	\$ 167,988	\$ 12,583,419
Increases	3,695,000	207,340	-	54,146	3,956,486
Decreases	4,095,000	191,659	4,000	-	4,290,659
Balance End of Year	<u>\$ 11,680,000</u>	<u>\$ 335,112</u>	<u>\$ 12,000</u>	<u>222,134</u>	<u>\$ 12,249,246</u>
Due Within One Year	<u>\$ 575,000</u>	<u>\$ 201,067</u>	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 780,067</u>

In March 2002, the County issued \$6,000,000 General Obligation Bonds to acquire land and build, equip and furnish a Public Safety Center. These bonds have an average interest rate of 4.64% and mature May 1, 2022.

In March 2008, the County authorized the issuance of \$5,000,000 General Obligation Capital Loan Notes for the purpose of paying costs of aiding in the planning, undertaking and carrying out of the Urban Renewal District 1 Project Area project, including road improvements. These bonds have an average interest rate of 4.1% and mature June 1, 2027. These bonds will be refunded on their call date of June 1, 2016 with the issuance of the Series 2012 General Obligation Refunding Capital Loan Notes.

On June 15, 2012, the County issued \$3,695,000 of General Obligation Refunding Capital Loan Notes, Series 2012A in a crossover advance refunding of the Series 2008 GO Capital Loan Notes. The 2012 bonds have an average interest rate of 1.92% and the 2008 bonds being refunded have an average interest rate of 4.1%. The net proceeds from the issuance were used to purchase U.S. government securities and

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2012**

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**NOTE 6 - LONG-TERM LIABILITIES - (CONTINUED)**

were deposited in an escrow account with Bankers Trust Company. As of June 30, 2012 the amount in escrow was \$3,617,402. This amount will be used to refund the remaining \$3,420,000 of the 2008 bonds on June 1, 2016 when these notes become callable. The assets deposited with the escrow agent are shown as a restricted asset in the County's Debt Service Fund. As a result of this refunding, the County will reduce its debt service payments over the next twelve years by \$182,099, and obtain an economic gain of \$152,945.

Annual debt service requirements to maturity are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 575,000	\$ 373,972	\$ 948,972
2014	595,000	355,183	950,183
2015	620,000	333,107	953,107
2016	4,060,000	309,508	4,369,508
2017	725,000	146,215	871,215
2018-2022	3,345,000	431,398	3,776,398
2023-2027	1,760,000	122,257	1,882,257
	<u>\$ 11,680,000</u>	<u>\$2,071,640</u>	<u>\$ 13,751,640</u>

\$3,643,719 is available in the Debt Service Fund to service the General Obligation Bonds. The general obligation bonds are to be retired through property tax levies.

**NOTE 7 - PENSION AND RETIREMENT**

Iowa Public Employees Retirement System - The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.38% of their annual covered salary and the County is required to contribute 8.07% of covered salary for the year ended June 30, 2012. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County contribution to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$483,057, \$408,442 and \$376,062, respectively, equal to the required contributions for each year.

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 134 active members in the plan and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage, which is a partially self-funded medical plan, is administered by BlueCross BlueShield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established any may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2012**

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED)**

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contributions (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 64,671
Interest on net OPEB obligation	6,720
Adjustment to annual required contribution	(9,715)
Annual OPEB cost	61,676
Contributions made	(7,530)
Increase in net OPEB obligation	54,146
Net OPEB obligation beginning of year	167,988
Net OPEB obligation end of year	<u>\$ 222,134</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 61,676	12.2%	\$ 222,134
2011	\$ 62,181	9.9%	\$ 167,988
2010	\$ 62,181	9.9%	\$ 111,992
2009	\$ 62,181	9.9%	\$ 55,996

Funded Status and Funding Progress. As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$542,563, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$542,563. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,200,000 and the ratio of the UAAL to covered payroll was 10.43%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2012**

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**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED)**

As of July 1, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions includes a 4% discount rate based on the County's funding policy. The projected annual medical trend rate and the ultimate medical trend rate is 5%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based on 75% for employees currently electing coverage and 0% for employees currently waiving coverage.

Projected claim costs of the medical plan are \$1,107 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**NOTE 9 - RISK MANAGEMENT**

Sioux County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 663 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2012 were \$264,519.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2012**

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**NOTE 9 - RISK MANAGEMENT - (CONTINUED)**

the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2012, no liability has been recorded in the County's financial statements. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for workman's compensation insurance.

**NOTE 10 - CONTINGENCIES**

The County receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2012, the County estimates that no material liabilities will result from such audits.

**NOTE 11 - CONSTRUCTION COMMITMENT**

The County has entered into several construction contracts totaling \$728,942 for bridge and culvert construction and roadway paving projects. As of June 30, 2012, \$84,488 had been incurred against the contracts. The balance of \$644,454 will be paid as work on the projects progress.

**NOTE 12 - PARTIALLY SELF-FUNDED HEALTH INSURANCE PLAN**

The Sioux County Partially Self-Funded (PSF) Health Insurance Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with TPA, Ltd. The agreement is subject to automatic renewal provisions. The County assumes liability for out-of-pocket maximums of \$3,000 for single individuals and \$6,000 for family coverage.

Monthly payments of service fees and plan contributions to the Sioux County PSF Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to TPA, Ltd. from the Sioux County PSF Health Insurance Fund. The County records the plan assets and related liabilities of the Sioux County PSF Health Insurance Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2012 was \$334,041.



**SIoux COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2012**

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**NOTE 12 - PARTIALLY SELF-FUNDED HEALTH INSURANCE PLAN – (CONTINUED)**

Amounts payable from the PSF Health Insurance Fund at June 30, 2012 total \$23,823 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on estimates of the amounts necessary to pay current year claims. A liability has been established based on the requirements of Government Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

	2012	2011
Unpaid claims, beginning of year	\$ 22,464	\$ 6,590
Incurred claims (including IBNR's)	123,250	143,438
Claim Payments	(121,891)	(127,564)
Unpaid claims, end of year	<u>\$ 23,823</u>	<u>\$ 22,464</u>

**NOTE 13 - GUARANTEED DEBT**

Sioux County is a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency. Sioux County has provided a Local Government Guarantee as specified in IAC 567-111.6(8) for the Agency. The current closure and/or postclosure cost estimates being assured through the Local Government Guarantee by Sioux County are as follows:

Closure cost to be assured:	\$ 14,528
Postclosure cost to be assured:	\$222,472

**NOTE 14 - DEFICIT FUND BALANCE**

The County has two funds with a deficit fund balance at June 30, 2012. The County intends to finance the deficits with future property tax revenue and general revenues.

The fund deficits were as follows:

Special Revenue – Mental Health	\$109,090
Capital Project – Courthouse Capital Improvement	\$ 10,544

**NOTE 15 - EARLY CHILDHOOD IOWA AREA BOARD**

Sioux County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transaction of the Area Board are included as an Agency Fund of the County because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2012 is as follows:

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2012**

**NOTE 15 - EARLY CHILDHOOD IOWA AREA BOARD – (CONTINUED)**

	Early Childhood	School Ready	Total
Revenues:			
State Grants:			
Early Childhood	\$ 56,163	\$ -	\$ 56,163
Family Support and Parent Education	-	333,757	333,757
Preschool Support for Low-Income Families	-	146,543	146,543
Quality Improvement	-	49,549	49,549
Allocation for Administration	2,956	17,497	20,453
Other Grant Programs	-	41,086	41,086
Total State Grants	59,119	588,432	647,551
Interest on Investments	8	80	88
Total Revenues	59,127	588,512	647,639
Expenditures:			
Program Services:			
Early Childhood	55,443	-	55,443
Family Support and Parent Education	-	324,843	324,843
Preschool Support for Low-Income Families	-	165,336	165,336
Quality Improvement	-	60,215	60,215
Other Grant Programs	-	30,785	30,785
Total Program Services	55,443	581,179	636,622
Administration	2,956	17,497	20,453
Total Expenditures	58,399	598,676	657,075
Net Change in Fund Balance	728	(10,164)	(9,436)
Fund Balance – Beginning of Year	10,444	38,724	49,168
Fund Balance – End of Year	\$ 11,172	\$ 28,560	\$ 39,732

**NOTE 16 - PRIOR PERIOD ADJUSTMENT**

The County is the fiscal agent for the Early Childhood Iowa Area Board. In the prior year the activity for this Area Board was included in the general fund of the County in error. Financial transactions of the Area Board should be reported as an Agency Fund because of the County's fiduciary relationship with the organization. As a result, the beginning fund balance of the general fund was reduced as follows:

Area Board Cash at June 30, 2011	\$ 77,738
Area Board Accounts Payable at June 30, 2011	(28,955)
Area Board Accounts Receivable at June 30, 2011	385
Net Decrease in Beginning General Fund Balance	<u>\$ 49,168</u>

## REQUIRED SUPPLEMENTARY INFORMATION

**SIOUX COUNTY, IOWA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET**  
**AND ACTUAL - ALL GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
Revenue:				
Property and other county taxes	\$ 9,317,426	\$ 9,317,426	\$ 9,301,686	\$ (15,740)
Interest and penalties on taxes	25,000	25,000	61,130	36,130
Intergovernmental	10,327,141	10,415,092	7,416,716	(2,998,376)
Licenses and permits	7,250	7,250	15,205	7,955
Charges for services	704,815	704,815	853,939	149,124
Use of money and property	231,179	231,179	334,942	103,763
Miscellaneous	623,050	623,050	448,215	(174,835)
Total Revenue	21,235,861	21,323,812	18,431,833	(2,891,979)
Expenditures:				
Current operating:				
Public safety and legal services	4,082,982	4,082,982	3,906,732	176,250
Physical health and social services	1,504,806	1,504,806	594,488	910,318
Mental Health, MR & DD	2,752,316	2,752,316	2,554,834	197,482
County environment and education	3,549,235	3,729,425	1,190,753	2,538,672
Roads and transportation	5,951,450	5,951,450	5,604,262	347,188
Government services to residents	859,508	859,508	816,120	43,388
Administration	2,345,847	2,145,847	1,783,846	362,001
Non-program services	3,734,500	3,734,500	158,767	3,575,733
Debt service	894,500	894,500	1,104,783	(210,283)
Capital projects	3,756,585	3,970,465	1,783,477	2,186,988
Total Expenditures	29,431,729	29,625,799	19,498,062	10,127,737
Excess (Deficiency) of revenues over expenditures	(8,195,868)	(8,301,987)	(1,066,229)	7,235,758
Other financing sources (uses):				
Transfers in	2,438,414	2,438,414	2,106,914	(331,500)
Transfers out	(2,438,414)	(2,438,414)	(2,106,914)	331,500
Issuance of bonds	2,500,000	2,500,000	3,695,000	1,195,000
Bonds Refunded	-	-	(3,570,000)	(3,570,000)
Proceeds of Fixed Asset Sales	2,750	2,750	9,420	6,670
Total other financing sources (uses)	2,502,750	2,502,750	134,420	(2,368,330)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (5,693,118)	\$ (5,799,237)	(931,809)	\$ 4,867,428
Balance beginning of year			17,497,880	
Prior Period Adjustment			(77,738)	
Balance beginning of year, as restated			17,420,142	
Balance end of year			\$ 16,488,333	

**SIOUX COUNTY, IOWA**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2012**

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$194,070. The budget amendments are reflected in the final budget amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During fiscal year 2012, disbursements exceeded the amount budgeted in the debt service function.

As noted previously, the actual results of operations are presented in accordance with U.S. generally accepted accounting principles which differ in certain respects from those practices used in the preparation of the 2011-12 budget. For purposes of preparing the budget comparison above, the actual expenses have been adjusted to the cash basis which is consistent with the County's budgeted expenditures. The adjustments required to convert the expenses to cash basis at the end of year are as follows:

	<b>Governmental Funds</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
Revenues	\$ 18,431,833	\$ (247,622)	\$ 18,184,211
Expenditures	19,498,062	673,911	20,171,973
Net	(1,066,229)	(921,533)	(1,987,762)
Other Financing Sources	134,420	1,375	135,795
Beginning Fund Balance	17,497,880	2,282,543	19,780,423
Increase in Reserve for Inventory	-	389,818	389,818
Prior Period Adjustment	(77,738)	28,570	(49,168)
Ending Fund Balance	<u>\$ 16,488,333</u>	<u>\$ 1,780,773</u>	<u>\$ 18,269,106</u>

**SIOUX COUNTY, IOWA**  
**Schedule of Funding Progress for the**  
**Retiree Health Plan**

**Required Supplementary Information**

For Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Approximate Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2009	July 1, 2008	-	\$ 428,640	\$ 428,640	0.00%	\$4,972,856	8.62%
June 30, 2010	July 1, 2008	-	\$ 428,640	\$ 428,640	0.00%	\$4,973,000	8.62%
June 30, 2011	July 1, 2008	-	\$ 428,640	\$ 428,640	0.00%	\$4,973,000	8.62%
June 30, 2012	July 1, 2011	-	\$ 542,563	\$ 542,563	0.00%	\$5,200,000	10.43%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

**SIOUX COUNTY, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**JUNE 30, 2012**

	<b>Special Revenue Funds</b>				
	<b>Recorder's Records Management Fund</b>	<b>Federal Revenue Sharing</b>	<b>Sioux County Revolving Loan Fund</b>	<b>Attorney's Forfeiture Fund</b>	<b>Sheriff's Forfeiture Fund</b>
<b>Assets</b>					
Cash and Pooled Investments	\$ 60,751	\$ 143,067	\$ 1,311,879	\$ 17,494	\$ 4,386
Receivables:					
Property Tax	-	-	-	-	-
Future Property Tax	-	-	-	-	-
Notes	-	-	383,693	-	-
<b>Total Assets</b>	<b>60,751</b>	<b>143,067</b>	<b>1,695,572</b>	<b>17,494</b>	<b>4,386</b>
<b>Liabilities and Equity</b>					
<b>Liabilities:</b>					
Accounts Payable	-	-	-	-	-
Deferred Revenue - Future Property Tax	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Restricted for:					
Other Purposes	60,751	143,067	-	17,494	4,386
Committed for:					
Revolving Loan Purposes	-	-	1,695,572	-	-
Assigned for:					
Conservation Land Acquisition	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>60,751</b>	<b>143,067</b>	<b>1,695,572</b>	<b>17,494</b>	<b>4,386</b>
<b>Total Liabilities and Equity</b>	<b>\$ 60,751</b>	<b>\$ 143,067</b>	<b>\$ 1,695,572</b>	<b>\$ 17,494</b>	<b>\$ 4,386</b>



Special Revenue Funds				Capital Projects Funds			
Resource Enhancement and Protection	Urban Renewal District #1	Empowerment		Conservation Land Acquisition	Courthouse Capital Improvement		Total
\$ 15,275	\$ 6,387	\$ -		\$ 120,923	\$ 24,809	\$	1,704,971
-	49,778	-		-	-		49,778
-	408,338	-		-	-		408,338
-	-	-		-	-		383,693
15,275	464,503	-		120,923	24,809		2,546,780
-	-	-		109,746	35,353		145,099
-	408,338	-		-	-		408,338
-	408,338	-		109,746	35,353		553,437
15,275	56,165	-		-	-		297,138
-	-	-		-	-		1,695,572
-	-	-		11,177	-		11,177
-	-	-		-	(10,544)		(10,544)
15,275	56,165	-		11,177	(10,544)		1,993,343
\$ 15,275	\$ 464,503	\$ -		\$ 120,923	\$ 24,809	\$	2,546,780

**SIOUX COUNTY, IOWA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2012**

	Special Revenue Funds				
	Recorder's Records Management Fund	Federal Revenue Sharing	Sioux County Revolving Loan Fund	Attorney's Forfeiture Fund	Sheriff's Forfeiture Fund
Revenue:					
Property and other county taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	8,886	-	-	-	-
Use of money and property	9	746	14,382	2	2
Miscellaneous	-	-	647	711	439
Total Revenue	8,895	746	15,029	713	441
Expenditures:					
Current operating:					
Public safety and legal services	-	-	-	-	12,004
County environment and education	-	-	-	-	-
Government services to residents	3,067	-	8,055	-	-
Capital projects	-	-	-	-	-
Total Expenditures	3,067	-	8,055	-	12,004
Excess (Deficiency) of revenues over expenditures	5,828	746	6,974	713	(11,563)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net Change in Fund Balances	5,828	746	6,974	713	(11,563)
Fund balances - beginning of year	54,923	142,321	1,688,598	16,781	15,949
Fund balances (deficits) - end of year	\$ 60,751	\$ 143,067	\$ 1,695,572	\$ 17,494	\$ 4,386

Special Revenue Funds					
Resource Enhancement and Protection	Urban Renewal District #1	Empowerment	Capital Projects Funds		Total
			Conservation Land Acquisition	Courthouse Capital Improvement	
\$ -	\$ 386,756	\$ -	\$ -	\$ -	\$ 386,756
15,400	5,853	-	-	-	21,253
-	-	-	68,225	-	77,111
7	24	1	17	-	15,190
-	-	14	18,832	-	20,643
15,407	392,633	15	87,074	-	520,953
-	-	-	-	-	12,004
30,563	-	-	-	-	30,563
-	-	-	-	-	11,122
-	-	-	170,381	260,544	430,925
30,563	-	-	170,381	260,544	484,614
(15,156)	392,633	15	(83,307)	(260,544)	36,339
-	-	-	-	50,000	50,000
-	(375,000)	-	-	-	(375,000)
-	(375,000)	-	-	50,000	(325,000)
(15,156)	17,633	15	(83,307)	(210,544)	(288,661)
30,431	38,532	(15)	94,484	200,000	2,282,004
\$ 15,275	\$ 56,165	\$ -	\$ 11,177	\$ (10,544)	\$ 1,993,343

**SIOUX COUNTY, IOWA**  
**COMBINING SCHEDULE OF NET ASSETS**  
**Agency Funds**  
**For the Year Ended June 30, 2012**

	County Recorder	County Sheriff	Agricultural Extension	County Assessor
<b>ASSETS</b>				
Cash and Pooled Investments	\$ -	\$ 246,292	\$ 1,694	\$ 135,562
Receivables:				
Property Tax	-	-	-	-
Future Property Tax	-	-	245,100	375,050
Accounts	293	-	-	-
Assessments	-	-	-	-
Due from Other Governments	-	-	-	-
Total Assets	293	246,292	246,794	510,612
<b>LIABILITIES</b>				
Accounts Payable	-	473	-	683
Due to Other Governments	293	245,819	246,794	496,077
Salaries and Benefits Payable	-	-	-	-
Compensated Absences	-	-	-	13,852
Total Liabilities	\$ 293	\$ 246,292	\$ 246,794	\$ 510,612

Schools	Area Schools	Corporations	Townships	City Special Assessments	Auto License and Use Tax
\$ 157,935	\$ 6,798	\$ 55,974	\$ 3,509	\$ 3,325	\$ 857,288
22,145	-	19,231	-	-	-
19,717,483	849,585	15,001,956	344,337	-	-
-	-	-	-	-	-
-	-	-	-	87,189	-
-	-	-	-	-	-
19,897,563	856,383	15,077,161	347,846	90,514	857,288
-	-	-	-	-	-
19,897,563	856,383	15,077,161	347,846	90,514	857,288
-	-	-	-	-	-
-	-	-	-	-	-
\$ 19,897,563	\$ 856,383	\$ 15,077,161	\$ 347,846	\$ 90,514	\$ 857,288

(continued)

**SIOUX COUNTY, IOWA**  
**COMBINING SCHEDULE OF NET ASSETS - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2012**

	<b>Tax In Advance</b>	<b>Emergency Management Services</b>	<b>Brucellosis and Tuberculosis Eradication</b>	<b>Public Safety Agency</b>
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 102,135	\$ 132,329	\$ 92	\$ 181,290
Receivables:				
Property Tax	-	-	-	-
Future Property Tax	-	-	4,271	-
Accounts	-	-	-	-
Assessments	-	-	-	-
Due from Other Governments	-	22,056	-	-
Total Assets	<u>102,135</u>	<u>154,385</u>	<u>4,363</u>	<u>181,290</u>
<b>LIABILITIES</b>				
Accounts Payable	-	1,510	-	1,451
Due to Other Governments	102,135	148,990	4,363	159,581
Salaries and Benefits Payable		1,818		4,696
Compensated Absences		2,067		15,562
Total Liabilities	<u>\$ 102,135</u>	<u>\$ 154,385</u>	<u>\$ 4,363</u>	<u>\$ 181,290</u>

Disposal Agency	E-911	Early Childhood Iowa Area Board	Treasurer's Trust Fund	Recorder E-Commerce	Flexible Benefits	Total
\$ 29,734	\$ 91,998	\$ 68,467	\$ -	\$ 1,446	\$ 1,652	\$ 2,077,520
-	-	-	-	-	-	41,376
-	-	-	-	-	-	36,537,782
-	44,371	-	-	-	-	44,664
-	-	-	-	-	-	87,189
-	12,277	-	-	-	-	34,333
29,734	148,646	68,467	-	1,446	1,652	38,822,864
-	48	28,735	-	-	1,652	34,552
29,734	148,598	39,732	-	1,446	-	38,750,317
-	-	-	-	-	-	6,514
-	-	-	-	-	-	31,481
\$ 29,734	\$ 148,646	\$ 68,467	\$ -	\$ 1,446	\$ 1,652	\$38,822,864

**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2012**

	Balance July 1, 2011	Addi- tions	Deduc- tions	Balance June 30, 2012
<b>County Recorder</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ -	\$ 758,769	\$ 758,769	\$ -
Accounts Receivable	189	293	189	293
<b>Total Assets</b>	<u>189</u>	<u>759,062</u>	<u>758,958</u>	<u>293</u>
<u>Liabilities</u>				
Due to Other Governments	189	759,062	758,958	293
<b>Total Liabilities</b>	<u>189</u>	<u>759,062</u>	<u>758,958</u>	<u>293</u>
<b>County Sheriff</b>				
<u>Assets</u>				
Cash and Pooled Investments	791,111	1,732,028	2,276,847	246,292
<b>Total Assets</b>	<u>791,111</u>	<u>1,732,028</u>	<u>2,276,847</u>	<u>246,292</u>
<u>Liabilities</u>				
Accounts Payable	1,913	473	1,913	473
Due to Other Governments	789,198	1,731,555	2,274,934	245,819
<b>Total Liabilities</b>	<u>791,111</u>	<u>1,732,028</u>	<u>2,276,847</u>	<u>246,292</u>
<b>Agricultural Extension Education</b>				
<u>Assets</u>				
Cash and Pooled Investments	1,955	201,752	202,013	1,694
Future Property Tax	201,350	245,100	201,350	245,100
<b>Total Assets</b>	<u>203,305</u>	<u>446,852</u>	<u>403,363</u>	<u>246,794</u>
<u>Liabilities</u>				
Due to Other Governments	203,305	446,852	403,363	246,794
<b>Total Liabilities</b>	<u>203,305</u>	<u>446,852</u>	<u>403,363</u>	<u>246,794</u>
<b>County Assessor</b>				
<u>Assets</u>				
Cash and Pooled Investments	115,991	330,713	311,142	135,562
Future Property Tax	365,000	375,050	365,000	375,050
<b>Total Asset</b>	<u>480,991</u>	<u>705,763</u>	<u>676,142</u>	<u>510,612</u>
<u>Liabilities</u>				
Accounts Payable	473	683	473	683
Due to Other Governments	456,333	691,228	651,484	496,077
Salaries and Benefits Payable	7,942	-	7,942	-
Compensated Absences	16,243	13,852	16,243	13,852
<b>Total Liabilities</b>	<u>\$ 480,991</u>	<u>\$ 705,763</u>	<u>\$ 676,142</u>	<u>\$ 510,612</u>

(continued)



**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2012**

	Balance July 1, 2011	Addi- tions	Deduc- tions	Balance June 30, 2012
<b>Schools</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 184,710	\$ 18,682,316	\$ 18,709,091	\$ 157,935
Property Tax Receivable	14,177	22,145	14,177	22,145
Future Property Tax	18,654,487	19,717,483	18,654,487	19,717,483
Total Assets	<u>18,853,374</u>	<u>38,421,944</u>	<u>37,377,755</u>	<u>19,897,563</u>
<u>Liabilities</u>				
Due to Other Governments	<u>18,853,374</u>	<u>38,421,944</u>	<u>37,377,755</u>	<u>19,897,563</u>
Total Liabilities	<u>18,853,374</u>	<u>38,421,944</u>	<u>37,377,755</u>	<u>19,897,563</u>
<b>Area Schools</b>				
<u>Assets</u>				
Cash and Pooled Investments	7,990	809,470	810,662	6,798
Future Property Tax	807,827	849,585	807,827	849,585
Total Assets	<u>815,817</u>	<u>1,659,055</u>	<u>1,618,489</u>	<u>856,383</u>
<u>Liabilities</u>				
Due to Other Governments	<u>815,817</u>	<u>1,659,055</u>	<u>1,618,489</u>	<u>856,383</u>
Total Liabilities	<u>815,817</u>	<u>1,659,055</u>	<u>1,618,489</u>	<u>856,383</u>
<b>Corporations</b>				
<u>Assets</u>				
Cash and Pooled Investments	67,686	14,887,492	14,899,204	55,974
Property Tax Receivable	15,935	19,231	15,935	19,231
Future Property Tax	14,374,913	15,001,956	14,374,913	15,001,956
Total Assets	<u>14,458,534</u>	<u>29,908,679</u>	<u>29,290,052</u>	<u>15,077,161</u>
<u>Liabilities</u>				
Due to Other Governments	<u>14,458,534</u>	<u>29,908,679</u>	<u>29,290,052</u>	<u>15,077,161</u>
Total Liabilities	<u>14,458,534</u>	<u>29,908,679</u>	<u>29,290,052</u>	<u>15,077,161</u>
<b>Townships</b>				
<u>Assets</u>				
Cash and Pooled Investments	3,937	312,605	313,033	3,509
Future Property Tax	312,437	344,337	312,437	344,337
Total Assets	<u>316,374</u>	<u>656,942</u>	<u>625,470</u>	<u>347,846</u>
<u>Liabilities</u>				
Due to Other Governments	<u>316,374</u>	<u>656,942</u>	<u>625,470</u>	<u>347,846</u>
Total Liabilities	<u>\$ 316,374</u>	<u>\$ 656,942</u>	<u>\$ 625,470</u>	<u>\$ 347,846</u>

(continued)

**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2012**

	Balance July 1, 2011	Addi- tions	Deduc- tions	Balance June 30, 2012
<b>City Special Assessments</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 12,549	\$ 117,158	\$ 126,382	\$ 3,325
Assessments Receivable	108,614	87,189	108,614	87,189
<b>Total Assets</b>	<u>121,163</u>	<u>204,347</u>	<u>234,996</u>	<u>90,514</u>
<u>Liabilities</u>				
Due to Other Governments	121,163	204,347	234,996	90,514
<b>Total Liabilities</b>	<u>121,163</u>	<u>204,347</u>	<u>234,996</u>	<u>90,514</u>
<b>Auto License and Use Tax</b>				
<u>Assets</u>				
Cash and Pooled Investments	815,921	9,854,058	9,812,691	857,288
<b>Total Assets</b>	<u>815,921</u>	<u>9,854,058</u>	<u>9,812,691</u>	<u>857,288</u>
<u>Liabilities</u>				
Due to Other Governments	815,921	9,854,058	9,812,691	857,288
<b>Total Liabilities</b>	<u>815,921</u>	<u>9,854,058</u>	<u>9,812,691</u>	<u>857,288</u>
<b>Tax In Advance</b>				
<u>Assets</u>				
Cash and Pooled Investments	114,750	-	12,615	102,135
<b>Total Assets</b>	<u>114,750</u>	<u>-</u>	<u>12,615</u>	<u>102,135</u>
<u>Liabilities</u>				
Due to Other Governments	114,750	-	12,615	102,135
<b>Total Liabilities</b>	<u>114,750</u>	<u>-</u>	<u>12,615</u>	<u>102,135</u>
<b>Emergency Management Services</b>				
<u>Assets</u>				
Cash and Pooled Investments	108,321	171,754	147,746	132,329
Due from Other Governments	14,572	22,056	14,572	22,056
<b>Total Assets</b>	<u>122,893</u>	<u>193,810</u>	<u>162,318</u>	<u>154,385</u>
<u>Liabilities</u>				
Accounts Payable	363	1,510	363	1,510
Salaries and Benefits Payable	3,092	1,818	3,092	1,818
Due to Other Governments	117,045	188,415	156,470	148,990
Compensated Absences	2,393	2,067	2,393	2,067
<b>Total Liabilities</b>	<u>\$ 122,893</u>	<u>\$ 193,810</u>	<u>\$ 162,318</u>	<u>\$ 154,385</u>

(continued)

**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2012**

	Balance July 1, 2011	Addi- tions	Deduc- tions	Balance June 30, 2012
<b>Brucellosis and Tuberculosis Eradication</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 89	\$ 3,979	\$ 3,976	\$ 92
Future Property Tax	3,892	4,271	3,892	4,271
Total Assets	<u>3,981</u>	<u>8,250</u>	<u>7,868</u>	<u>4,363</u>
<u>Liabilities</u>				
Due to Other Governments	3,981	8,250	7,868	4,363
Total Liabilities	<u>3,981</u>	<u>8,250</u>	<u>7,868</u>	<u>4,363</u>
<b>Public Safety Agency</b>				
<u>Assets</u>				
Cash and Pooled Investments	139,485	475,253	433,448	181,290
Total Assets	<u>139,485</u>	<u>475,253</u>	<u>433,448</u>	<u>181,290</u>
<u>Liabilities</u>				
Accounts Payable	2,194	1,451	2,194	1,451
Salaries and Benefits Payable	13,240	4,696	13,240	4,696
Due to Other Governments	100,508	453,544	394,471	159,581
Compensated Absences	23,543	15,562	23,543	15,562
Total Liabilities	<u>139,485</u>	<u>475,253</u>	<u>433,448</u>	<u>181,290</u>
<b>Disposal Agency</b>				
<u>Assets</u>				
Cash and Pooled Investments	29,734	-	-	29,734
Total Assets	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
<u>Liabilities</u>				
Due to Other Governments	29,734	-	-	29,734
Total Liabilities	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
<b>E-911</b>				
<u>Assets</u>				
Cash and Pooled Investments	13,166	214,664	135,832	91,998
Accounts Receivable	41,598	44,371	41,598	44,371
Due from Other Governments	11,955	12,277	11,955	12,277
Total Assets	<u>66,719</u>	<u>271,312</u>	<u>189,385</u>	<u>148,646</u>
<u>Liabilities</u>				
Accounts Payable	34	48	34	48
Due to Other Governments	66,685	271,264	189,351	148,598
Total Liabilities	<u>\$ 66,719</u>	<u>\$ 271,312</u>	<u>\$ 189,385</u>	<u>\$ 148,646</u>

(continued)

**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2012**

	Balance July 1, 2011	Addi- tions	Deduc- tions	Balance June 30, 2012
<b>Early Childhood Iowa Area Board</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 77,738	\$ 648,024	\$ 657,295	\$ 68,467
Accounts Receivable	385	-	385	-
Total Assets	<u>78,123</u>	<u>648,024</u>	<u>657,680</u>	<u>68,467</u>
<u>Liabilities</u>				
Accounts Payable	28,955	28,735	28,955	28,735
Due to Other Governments	49,168	619,289	628,725	39,732
Total Liabilities	<u>78,123</u>	<u>648,024</u>	<u>657,680</u>	<u>68,467</u>
<b>Treasurer's Trust Fund</b>				
<u>Assets</u>				
Cash and Pooled Investments	-	231,870	231,870	-
Total Assets	<u>-</u>	<u>231,870</u>	<u>231,870</u>	<u>-</u>
<u>Liabilities</u>				
Due to Other Governments	-	231,870	231,870	-
Total Liabilities	<u>-</u>	<u>231,870</u>	<u>231,870</u>	<u>-</u>
<b>Recorder E-Commerce</b>				
<u>Assets</u>				
Cash and Pooled Investments	3,413	8,886	10,853	1,446
Total Assets	<u>3,413</u>	<u>8,886</u>	<u>10,853</u>	<u>1,446</u>
<u>Liabilities</u>				
Due to Other Governments	3,413	8,886	10,853	1,446
Total Liabilities	<u>1,652</u>	<u>8,886</u>	<u>10,853</u>	<u>1,446</u>
<b>Flexible Benefits</b>				
<u>Assets</u>				
Cash and Pooled Investments	1,652	57,360	57,360	1,652
Total Assets	<u>1,652</u>	<u>57,360</u>	<u>57,360</u>	<u>1,652</u>
<u>Liabilities</u>				
Accounts Payable	1,652	57,360	57,360	1,652
Total Liabilities	<u>\$ 1,652</u>	<u>\$ 57,360</u>	<u>\$ 57,360</u>	<u>\$ 1,652</u>

(continued)

**SIOUX COUNTY, IOWA**  
**Combining Schedule of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2012**

	Balance July 1, 2011	Addi- tions	Deduc- tions	Balance June 30, 2012
<b>Total All Agency Funds</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 2,490,198	\$49,498,151	\$49,910,829	\$ 2,077,520
Receivables:				
Property Tax	30,112	41,376	30,112	41,376
Future Property Tax	34,719,906	36,537,782	34,719,906	36,537,782
Accounts	42,172	44,664	42,172	44,664
Assessments	108,614	87,189	108,614	87,189
Due from Other Governments	26,527	34,333	26,527	34,333
Total Assets	<u>37,417,529</u>	<u>86,243,495</u>	<u>84,838,160</u>	<u>38,822,864</u>
<u>Liabilities</u>				
Accounts Payable	35,584	90,260	91,292	34,552
Due to Other Governments	37,315,492	86,115,240	84,680,415	38,750,317
Salaries and Benefits Payable	24,274	6,514	24,274	6,514
Compensated Absences	42,179	31,481	42,179	31,481
Total Liabilities	<u>\$ 37,417,529</u>	<u>\$86,243,495</u>	<u>\$84,838,160</u>	<u>\$38,822,864</u>

**SIOUX COUNTY, IOWA****Schedule of Revenues By Source and Expenditures By Function - All Governmental Funds  
For the Last Ten Years**

	Modified Accrual Basis of Accounting			
	2012	2011	2010	2009
Revenue:				
Property and other county tax	\$ 9,339,404	\$ 9,066,719	\$ 8,683,160	\$ 8,190,447
Interest and penalty on property tax	70,302	64,507	68,516	50,584
Intergovernmental	7,188,347	8,558,494	8,413,783	9,044,854
Licenses and permits	15,460	11,485	11,300	9,545
Charges for services	856,712	775,739	777,488	814,345
Use of money and property	287,270	324,764	380,729	574,171
Miscellaneous	426,716	436,669	288,627	281,838
Total Revenue	18,184,211	19,238,377	18,623,603	18,965,784
Expenditures:				
Current operating:				
Public safety and legal services	3,838,745	3,755,661	3,627,043	3,485,693
Physical health and social services	564,555	1,422,596	1,598,101	1,690,163
Mental health	3,131,499	2,219,276	2,209,116	2,369,247
County environment and education	1,202,094	6,012,662	982,492	802,725
Roads and transportation	5,859,605	55,000	5,659,467	4,497,799
Government services to residents	810,295	737,073	703,160	688,163
Administration	1,751,976	1,808,074	1,711,275	1,818,582
Non-program services	55,818	29,905	32,167	30,987
Capital projects	1,850,354	1,417,750	1,214,794	6,153,935
Debt service	1,107,032	1,023,859	1,022,291	873,411
Total	\$ 20,171,973	\$ 18,481,856	\$ 18,759,906	\$ 22,410,705

Modified Accrual Basis of Accounting					
2008	2007	2006	2005	2004	2003
\$ 8,263,411	\$ 8,057,588	\$ 7,644,707	\$ 6,143,980	\$ 6,196,074	\$ 5,454,921
42,897	36,091	37,104	33,112	40,775	38,396
8,489,666	7,730,963	7,901,142	7,713,338	8,172,221	7,249,579
8,620	6,765	6,055	5,175	4,275	2,795
764,009	742,796	699,440	777,224	717,906	743,788
877,259	735,537	518,913	323,391	242,520	408,525
448,403	329,028	286,407	210,448	370,249	117,132
18,894,265	17,638,768	17,093,768	15,206,668	\$ 15,744,020	\$ 14,015,136
3,299,671	3,219,043	3,126,912	3,147,273	2,906,463	2,282,799
1,796,148	1,626,213	1,042,077	990,082	986,694	1,223,510
2,512,673	2,498,244	2,260,765	2,170,728	2,174,660	2,289,533
828,358	691,064	692,525	623,028	609,362	714,627
5,367,095	4,228,892	4,526,135	3,962,119	3,970,872	3,744,588
653,742	678,940	879,206	842,863	541,941	444,305
1,658,726	1,535,609	1,580,779	1,525,308	1,414,469	1,356,819
34,327	30,618	24,175	19,498	19,223	-
10,840,840	2,040,586	1,495,322	1,756,346	3,529,355	5,024,516
715,927	509,805	474,141	473,816	473,041	465,286
\$ 27,707,507	\$ 17,059,014	\$ 16,102,037	\$ 15,511,061	\$ 16,626,080	\$ 17,545,983

**SIOUX COUNTY**  
**Schedule of Findings**  
**Year Ended June 30, 2012**

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**Part I: Summary of the Independent Auditor's Results**

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

**Part II: Findings Related to the Financial Statements**

**Instances of Noncompliance**

No matters were reported.

There were no prior year audit findings.

**Material Weakness**

**II-A-12: Financial Reporting**

Observation – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables, and capital asset additions are identified in the County's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables, or capital asset transactions.

Conclusion – Response accepted



**SIOUX COUNTY**  
**Schedule of Findings**  
**Year Ended June 30, 2012**

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**Part III: Other Findings Related to Required Statutory Reporting**

- III-A-12** Certified Budget – Disbursements for the year ended June 30, 2012 exceeded the amount budgeted in the debt service function.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will amend the budget when required.

Conclusion – Response accepted.

- III-B-12** Questionable Expenses – We noted no expenditures that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.

- III-C-12** Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

- III-D-12** Business Transactions – Business transactions between the County and County officials and/or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction/Description</u>	<u>Amount</u>
VanMaanen's Radio Shack, Owned by father of IT employee Micah VanMaanen	Supplies, Licensing Contract	25,040 (1)
Walter Media, Owned by son of employee Shane Walters	Advertising Supplies	1,047 (2)

- (1) This transaction may represent a conflict of interest and the County should contact legal council for determination as per Chapter 331.342 (j) of the Code of Iowa. Per County management it was noted that the County's board did approve the transactions.
- (2) This transaction does not appear to represent a conflict of interest since the total was less than \$1,500 during the year, per the Code of Iowa.

- III-E-12** Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. Township clerks are included in the blanket bond purchased by the County. Chapter 64.12 of the Code of Iowa requires that all bonds required of the township clerk be furnished and paid for by the township.

Recommendation – The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations. The County should seek reimbursement for the amount paid for the bond premiums for township clerks.

Response – We feel the amount each township owes is minimal and therefore, not worth the time it would take to figure and bill each township.

Conclusion – Response accepted.

**SIOUX COUNTY**  
**Schedule of Findings**  
**Year Ended June 30, 2012**

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- III-F-12** County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from the County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2012 for the County Extension Office did not exceed the amount budgeted.
- III-G-12** Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- III-H-12** Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12b and 12c of the Code of Iowa and the County's investment policy were noted.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors  
Sioux County, Iowa

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SIOUX COUNTY, IOWA as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting:***

Management of Sioux County, Iowa, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Sioux County, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sioux County, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sioux County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item II-A-12 to be a material weakness.

***Compliance and Other Matters:***

As part of obtaining reasonable assurance about whether Sioux County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances

of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Sioux County, Iowa's response to the findings identified in our audit is described in the accompanying Schedule of Findings. We did not audit Sioux County, Iowa's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Sioux County and other parties to whom Sioux County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Sioux County during the course of our audit. Should you have any questions concerning any of the above matters we would be pleased to discuss them with you at your convenience.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 22, 2012